



U.S. Department of Justice

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For Immediate Release:

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July 24, 2007

EVENT: Sentencing

Defendant: Elena Szilvagy

FORMER HOME HEALTH CARE OWNER SENTENCED FOR FRAUD

The former owner of one of Michigan's largest home health care companies was sentenced today to thirty-one months in prison as a result of her pleading guilty in July, 2006, to defrauding Medicare by forming two spin-off companies as part of a scheme to avoid repaying a \$7 million debt to Medicare and to conspiring to obstruct a criminal health care fraud investigation, United States Attorney Stephen J. Murphy announced today.

United States Attorney Murphy was joined in the announcement by Andrew G. Arena, FBI Special Agent in Charge, and Lamont Pugh III, Acting Special Agent in Charge of Health and Human Services, Office of the Inspector General ("HHS-OIG").

Elena Szilvagy, 56, of Clarkston, was sentenced by U.S. District Judge Lawrence Zatkoff in federal court in Port Huron, Michigan. Judge Zatkoff ordered that the 31-month sentence be served after Szilvagy completes the 48-month sentence she is currently serving on another health care fraud case. In addition, Judge Zatkoff ordered Szilvagy to pay restitution of \$7 million and a fine of \$100,000. Once released from custody in approximately 2010, Szilvagy will be placed on supervised release for an additional 6 years.

Further, the court found that Szilvagyi, a native of the Philippines, had engaged in the criminal conduct leading up to her previous conviction in the Western District of Michigan prior to becoming a naturalized citizen in 1997. As a result, Zatkoff said that meant she violated her oath and that he would recommend that federal immigration officials revoke her citizenship and that she be deported at the conclusion of her incarceration.

Szilvagyi, the former president of Prime Care Services (PCS), a Southfield-based home health agency with more than 400 employees, had been charged by a federal Grand Jury in January 2006 along with co-defendant Jesse Cruz. At the plea hearing, Szilvagyi admitted that after auditors determined her company owed Medicare \$7 million for questionable reimbursements, she conspired with others to create two other Detroit area home health care companies, Health Care Partners (HCP) and Autumn Ridge Home Health Care (ARHHC). The plot, which Szilvagyi said was designed by her professional and financial advisors, was orchestrated beginning in fall 2000 as part of a scheme to avoid repaying debts to Medicare run up by PCS between 1997 and 2000. By hiding her ownership role in the two spinoff companies from Medicare and conspiring with the fictional “owners” of the new companies to transfer all of PCS’s assets, employees and patients to HCP and ARHHC, she was able to avoid repaying the debt. According to the Indictment, co-defendant Jesse Cruz was charged with acting as the “owner” of ARHHC and making false statements in connection with Medicare claims.

In an 8-day federal jury trial that ended earlier this month, Cruz was found guilty of participating in the Szilvagyi conspiracy, along with making false statements to Medicare and federal agents, and conspiring to obstruct a federal criminal investigation. He is awaiting sentencing by Judge Zatkoff on September 27, 2007.

United States Attorney Murphy said, “This sentence sends a powerful message that companies which owe money to Medicare for past billing irregularities cannot avoid repaying the debt by simply hanging a new sign on the wall and continuing to do business under a new corporate name.” Murphy said, “ the obstruction conviction makes it clear that lying to federal investigators is a serious crime and anyone offering bribes to witnesses, no matter the amount of the bribe, will be prosecuted.”

Szilvagyí began serving her current 48-month sentence in June 2004 after she was convicted of conspiracy to commit health care fraud and mail fraud in the Western District of Michigan for devising a scheme in which she fraudulently billed Medicare more than \$800,000 for the cost of a 10,000-square foot mansion on a golf course near Pine Knob in Clarkston. Last year, Judge Zatkoff awarded the United States a \$2.5 million judgment in a civil case brought against Szilvagyí for that offense. Together, the two criminal cases and one civil case mean that Szilvagyí will owe the United States more than \$11 million when she leaves prison.

At her plea hearing last year, Szilvagyí also admitted that she offered a \$250 bribe to a witness on Cruz's behalf in order to get the witness to change the witness' story.

The sentencing marks the latest development in a four-year-old investigation of Szilvagyí, Prime Care, Health Care Partners and Autumn Ridge Home Health Care by special agents with the FBI and the Health and Human Services Office of the Inspector General. The case is being prosecuted by Assistant U.S. Attorney James Mitzelfeld.